

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

In re	No. 13-53846
CITY OF DETROIT, MICHIGAN,	Chapter 9
Debtor.	HON. STEVEN W. RHODES

**STATE OF MICHIGAN'S RESPONSE TO THE FINANCIAL
GUARANTY INSURANCE COMPANY'S SUBPOENAS DUCES
TECUM (DKT. #5477)**

The State Parties and the Financial Guaranty Insurance Company agreed to limit the Document Requests included with the June 20, 2014 Subpoenas Duces Tecum (Dkt. #5477). This agreement is contained in the Stipulation and Agreement of the parties signed July 9, 2014, and filed with the Court July 11, 2014 (Dkt. #5929). The agreement limited the review period to April 21, 2014, to present; limited the custodians to be searched; and withdrew Requests 2, 3, 4, and 6. The State Parties' response is based on this agreement.

Document Request No. 1: Any and all documents and communications regarding the Plan treatment of PFRS Pension Claims and GRS Pension Claims, including, but not limited to, documents and communications relating to:

- a. The allowed amount of such Claims.
- b. The contributions to be made to the PFRS and GRS.
- c. The 6.75% investment return assumption.
- d. The governance of PFRS and/or GRS by an “Investment Committee.”
- e. The injunction against amending the terms, conditions, and rules of operation of the PFRS and/or GRS governing the calculation of pension benefits.

Answer to Request No. 1: To the extent responsive documents and communications related to the requests in subparagraphs (a)-(e) have been identified, and they are not privileged or confidential, they are provided in the State’s electronic production. Privileged or confidential communications are identified on the State’s Privilege Log. The State objects to the production of privileged and confidential documents.

Document Request No. 2: Any and all documents and communications created between January 1, 2005 and the present relating to the City’s revenue-sharing arrangements with the State.

Answer to Request No. 2: This Request has been withdrawn and no response is required.

Document Request No. 3: Any and all documents relating to funding received by the City from the State for any purpose from the time period January 1, 2005 to the present.

Answer to Request No. 3: This Request has been withdrawn and no response is required.

Document Request No. 4: Any and all documents relating to revenue-sharing projections between the State and the City.

Answer to Request No. 4: This Request has been withdrawn and no response is required.

Document Request No. 5: Any and all documents and communications relating to the State Contribution Agreement, including, but not limited to, the following:

- a. The contingent nature of the State's obligations under the State Contribution Agreement.
- b. The State's rationale for entering into the State Contribution Agreement.
- c. Any conditions placed on the use of the State Contribution.

- d. The source of, rationale for, and explanation of each of the conditions precedent to the State Contribution.
- e. The source of the funds being used for the State Contribution.
- f. The calculation of the amount of the State Contribution.
- g. The determination to make the State Contribution payable over a period of 20 years.
- h. The determination to use a discount rate of 6.75% to calculate the State Contribution.

Answer to Request No. 5: To the extent responsive documents and communications have been identified, and they are not privileged or confidential, they are provided in the State's electronic production. Privileged or confidential communications are identified on the State's Privilege Log. The State objects to the production of privileged and confidential documents.

Document Request No. 6: Any and all documents and communications relating to any and all Claims or potential Claims against the State and/or State Related Entities, whether held by holders of Pension Claims or by the City itself (but not limited to such entities) including, but not limited to, the following:

- a. The Liabilities to be released, waived and discharged pursuant to the Plan.
- b. Any assessment of the strengths or weaknesses of such Liabilities.
- c. The obligations that the State and/or State Related Entities have with respect to the funding of the Retirement Systems.
- d. The bases for the State's dispute that it is obligated to pay a portion of the underfunding of pension benefits payable to retirees, as indicated by Paragraph C of the Form of State Contribution Agreement, attached to the Plan as Exhibit I.A.268.

Answer to Request No. 6: This Request has been withdrawn and no response is required.

Document Request No. 7: Any and all documents and communications relating to the relationship between the State Contribution Agreement and the DIA Settlement.

Answer to Request No. 7: To the extent responsive documents and communications have been identified, and they are not privileged or confidential, they are provided in the State's electronic production. Privileged or confidential communications are identified on

the State's Privilege Log. The State objects to the production of privileged and confidential documents.

Document Request No. 8: Any and all documents and communications relating to the Michigan Settlement Administration Authority and the Legislation.

Answer to Request No. 8: To the extent responsive documents and communications have been identified, and they are not privileged or confidential, they are provided in the State's electronic production. Privileged or confidential communications are identified on the State's Privilege Log. The State objects to the production of privileged and confidential documents.

Document Request No. 9: Any and all documents that the City provided to the State and/or State Related Entities between January 1, 2013 and the present regarding the State Contribution Agreement.

Answer to Request No. 9: To the extent responsive documents and communications have been identified, and they are not privileged or confidential, they are provided in the State's electronic production. Privileged or confidential communications are identified on

the State's Privilege Log. The State objects to the production of privileged and confidential documents.

Document Request No. 10: Any and all communications between the State and/or State Related Entities and the City between January 1, 2013 and the present regarding the State Contribution or the State Contribution Agreement.

Answer to Request No. 10: To the extent responsive documents and communications have been identified, and they are not privileged or confidential, they are provided in the State's electronic production. Privileged or confidential communications are identified on the State's Privilege Log. The State objects to the production of privileged and confidential documents.

Document Request No. 11: Any and all communications between the State and/or State Related Entities and the Michigan House and/or Senate regarding the State Contribution or the State Contribution Agreement.

Answer to Request No. 11: To the extent responsive documents and communications have been identified, and they are not privileged or confidential, they are provided in the State's electronic

production. Privileged or confidential communications are identified on the State's Privilege Log. The State objects to the production of privileged and confidential documents.

Document Request No. 12: Any and all documents and communications relating to the effect of default by GRS and PFRS, as described in the State Contribution or the State Contribution Agreement.

Answer to Request No. 12: To the extent responsive documents and communications have been identified, and they are not privileged or confidential, they are provided in the State's electronic production. Privileged or confidential communications are identified on the State's Privilege Log. The State objects to the production of privileged and confidential documents.

/s/ Matthew Schneider
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Dated: July 25, 2014